

Message Text

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53-L

ACTION NEA-16

INFO OCT-01 ISO-00 NSC-07 NSCE-00 CIAE-00 INR-10 NSAE-00

RSC-01 EB-11 L-03 CIEP-02 FEA-02 TRSE-00 COME-00 SP-03

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R 231152Z MAY 74

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 6573

C O N F I D E N T I A L TEHRAN 4153

DEPARTMENT PLEASE PASS ALL OPEC CAPITALS

STATE ALSO FOR T/IEP

E.O. 11652: GDS

TAGS: ENRG, IR

SUBJECT: AMOUZEGAR ATTACKS YAMANI, DEFENDS OIL PRICES, CALLS FOR
AID TO LDC'S

REF: KUWAIT 2021

1. BEGIN UNCLASSIFIED: SUMMARY: GOI MININT AMOUZEGAR ACCUSED
SAG MINPET YAMANI OF PUSHING IN PRIVATE FOR HIGHER PRICES, THROUGH
PARTICIPATION EFFECTS, WHILE PUBLICLY SUPPORTING LOWER PRICES.
AMOUZEGAR ALSO DEFENDED CURRENT OIL PRICES AND CRITICISED DEVEL-
OPED NATIONS FOR INADQUATE RESPONSE TO IRAN'S PLAN TO AID LDC'S.
END SUMMARY.

2. IN TALK TO WORLD CONGRESS OF INTERNATIONAL ADVERTISERS ASSO-
CIATION MAY 21 AMOUZEGAR ASSERTED THAT "YAMANI HAD BEEN TALKING
ABOUT LOWERING PRICES BELOW \$7 PER BARREL EVEN WHILE DEMANDING
AN ADDITIONAL \$2.25 ON BUYBACK PRICE FOR PARTICIPATION CRUDE
FROM ARAMCO; 'AND THEY GOT IT', HE ADDED."

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2. AMOUZEGAR REPORTEDLY ADDED: "I HATE TO DO THIS TO SHAIKH ZAKI

YAMANI. BUT I AM SORRY TO SEE HOW MANY PEOPLE HE FOLLED, WHEN HE SAID HE WAS FOR THE LOWERING OF PRICES AND WAS PUSHING FOR HIGHER PRICES." AMOUZEGAR CLAIMED THAT SAUDIS, WHILE REALIZING \$7 PER BARREL IN TAXES AND ROYALTIES ON POSTED PRICE OF \$11.65, ARE DEMAND- IN 93 PCT OF POSTED PRICE, OR ALMOST \$11.00 PER BARREL FOR BUYBACK CRUDE, AND THUS OBTAINING AN AVERAGE TAKE PER BARREL OF SOME \$9.25.

3. AMOUZEGAR "ALSO TOOK TO TASK THE INDUSTRIAL NATIONS FOR RELUC- TANCE TO CONTRIBUTE TO SPECIAL AID FUND FOR DEVELOPING COUNTRIES PRO-

POSED BY IRAN." AMOUZEGAR SAID THAT UNGA HAD ADOPTED RESOLUTION ON SUBJECT AND UN SECGEN WALDHEIM HAD ASKED OPEC AND DEVELOPED NATIONS TO CONTRIBUTE BY JUNE 19. IRAN WOULD HELP EVEN IF NO ONE ELS DID SO, HE SAID.

4. AMOUZEGAR DECLARED THAT IRAN WILL DEVOTE \$1.7 TO \$2 BILLIAN THIS YEAR TO FOREIGN AID, \$10 BILLION TO ITS OWN DEVELOPMENT, \$1 BILLION TO DEBT REPAYMENT. THE REMAINING SURPLUS OF \$4 TO \$5 BILLION EITHER WILL BE HELD IN RESERVE OR "CHANNELED THROUGH INTERNATIONAL AGEN- CIES TO HELP MEET SHORT TERM SHORTAGES IN INTERNATIONAL LIQUIDITY."

5. IN DEFENSE OF OIL PRICES, AMOUZEGAR CLAIMED (A) THAT OIL PRICES HAD ADDED ONLY ONE PERCENT TO ONGOING 12 PERCENT INFLATION IN THE 12 (SIC) OECD NATIONS, (B) THAT WEST EUROPEAN GOVERNMENTS STILL COLLECT \$8 PER BARREL IN TAXES VERSUS \$7 (SIC) PER BARREL PRODUCER GOVERNMENT TAKE, (C) THAT UNTIL A FEW WEEKS AGO THE 26.7 MILLION TONS OF WHEAT IMPORTS NEEDED BY LDC'S IN 1974 WOULD HAVE COT \$6 BILLION VERSUS \$2 BILLION TWO YEARS AGO, YET EVERYONE TALKS OF THE \$5 BILLION (SIC) ADDITIONAL THAT LDC'S MUST PAY FOR OIL. AMOUZEGAR NOTED THAT IRAN IS EXTENDING SOFT AID TO A NUMBER OF LDC'S AND HOPED "SAUDI ARABIA, KUWAIT AND OTHER OIL PRODUCERS WOULD FOLLOW SUIT." END UNCLASSIFIED.

6. BEGIN CONFIDENTIAL: COMMENT: DEPARTMENT AWARE AMOUZEGAR HAS LONG CHAFED UNDER WHAT HE REGARDS AS UNFAIR CHARGES THAT IRAN HAS BEEN LEADING VILLAIN IN SEEKING HIGHER OIL PRICES, AND HAS BEEN PAR- TICULARLY IRRITATED BY WHAT HE REGARDS AS POSTURING ON YAMANI'S PART.

THUS ATTACK ON YAMAI MIGHT BE SEEN AS A LONG TIME IN COMING ALTHOUGH WHY IAA FORUM CHOSEN NOT ENTIRELY CLEAR.

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7. AMOUZEGAR HAS RECOGNIZED, FOR THE FIRST TIME IN PUBLIC, DIFFERENCE BETWEEN PARTICIPATION EFFECTS ON PRICE AND TRADITIONAL GOVERNMENT TAKE (TAXES AND ROYALTIES). HE IS SAYING, IN EFFECT, THAT \$7 GOVERNMENT TAKE IS WHAT IRAN HAS BEEN TALKING ABOUT, WHILE OTHER OPEC MEMBERS ARE PUSHING FOR ADDITIONAL INCREASES VIA PARTICIPATION. EVEN SO, IT HIGHLY UNLIKELY GOI WILL FOREGO THE ADDITIONAL FINAN- CIAL BENEFITS THAT AUTOMATICALLY ACCRUE TO IRAN WHEN THE ARABS

CONCLUDE MORE FAVORABLE PARTICIPATION TERMS (AS QATAR HAS ALREADY DONE). GOI CLEARLY WANTS IT UNDERSTOOD THAT RESPONSIBILITY FOR INCREASES IN OIL COST DUE TO PARTICIPATION AGREEMENTS RESTS WITH ITS ARAB OPEC PARTNERS. AMOUZEGAR'S SPEECH AND REFTEL UNDERLINE YAMANI'S GROWING ISOLATION IN OPEC. END COMMENT. END CONFIDENTIAL.

8. SO FAR AS WE KNOW, SAUDIS AND ARAMCO HAVE NOT IN FACT CONCLUDED ANY NEW PARTICIPATION AND BUYBACK ARRANGEMENTS. WOULD APPRECIATE DEPARTMENT OR JIDDA'S COMMENTS.
MIKLOS

NOTE BY OCT: NOT PASSED OPEC CAPITALS.

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